

CONSUMER FINANCE NEWS

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JULY 1949

No. 1



VACATION TIME

NATIONAL ORGANIZATION, 1948-1949

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BUY YOUR
EXTRA
SAVINGS
BONDS
NOW

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On the Cover

A trout stream in Ohio lured "Haz" Okey of Columbus to his favorite sport, but the scene is typical of vacation hours everywhere. Cool rushing waters, shady pools, wily trout, green trees, pleasant pastures and fields of waving grain make the country irresistible at this time of year. "Breathes there a man with soul so dead" who hasn't said (to himself, at least) to heck with offices and buildings and people and hot streets; let's go to the country—play golf, picnic, fish, ride horses, drive or just be lazy.

Yes, vacation time has come and it's good to enjoy it, to rest mind and body and come back with new zest and drive. Even the old office looks good after blistering sun, mosquito bites and poison ivy. Strange, isn't it, how contrasting experiences balance out?

**Plan now to attend the Thirty-Fifth
CONVENTION
and
ANNUAL MEETING
of the
NATIONAL
CONSUMER
FINANCE
ASSOCIATION**

WHEN—September 28-29-30, 1949

**WHERE—Ambassador Hotel
Los Angeles, California**

**RESERVATIONS—Convention and Visitors
Bureau
Los Angeles Chamber of
Commerce
Los Angeles, California**

**On Page 5 of this issue see the highlights
of the program.**

Federal Advisory Council Opposes Regulation W

Among the many witnesses who appeared before the Senate Banking Committee in the hearings on Senate Joint Resolution 87 to extend consumer credit controls for a period of two years was Edward E. Brown, president of the Federal Advisory Council of the Federal Reserve Board and chairman of the board of the First National Bank, Chicago, Illinois. Because of the position which Mr. Brown occupies in relationship to the Federal Reserve Board and to the entire credit industry in this country, his forceful remarks are not only interesting to those in the consumer finance business but carried a lot of weight with the members of the Senate Banking Committee. We quote that portion which relates to consumer credit controls.

"The Federal Advisory Council is opposed to any further extension of the powers of the Federal Reserve Board over consumer credit.

"These powers were granted as a war measure for three purposes. The first was to channel the maximum amount of the savings of individuals into government bonds, so as to enable the government to finance the war. The second purpose was to reduce the demand for scarce commodities and lessen the upward pressure on their prices. The third was to lessen possible credit expansion. As a war measure the powers were desirable and served their purpose.

"Today the government has no difficulty in getting all the money it needs and none of the consumer durable goods are in short supply, with the exception of certain makes of lower-priced cars. Within a few months even these cars promise to be in ample supply. Credit today is declining and not expanding.

"The emergency for which the powers were granted to the Federal Reserve Board is past, and the powers so granted should pass with the emergency.

"The Council is unanimous in believing that control over instalment credit has no permanent place in the American peacetime economy. To give any group of men, such as the Federal Reserve Board, power to regulate the terms and conditions of instalment credit in peacetime can only injure the economy. The maximum terms of credit prescribed tend inevitably to become the minimum terms for the great majority. It is our belief that down payments, on the average, would probably be larger and terms of payment shorter if no Regulation W were now in effect. Governmental changes in terms and conditions from time to time on which instalment credit can be extended cause confusion among merchants and manufacturers who have adopted and advertised given terms of payment.

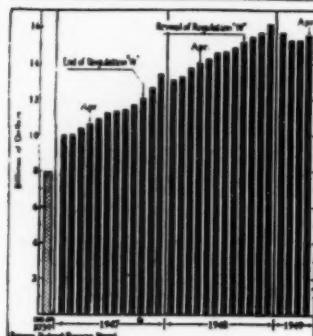
"The seller of goods and the grantor of credit are in a better position than any Board can be to judge what terms of credit should be extended to individuals and to vary such terms as among individuals, and in accordance with changing conditions.

"The Federal Advisory Council, therefore, is opposed to the passage of Senate Bill 1775 and Senate Joint Resolution 87."

Food for Thought

Culled from Here and There

Consumer Credit



Buying on credit continued to climb in April! Total consumer credit outstanding at the end of the month amounted to \$15,626 million. This was an increase of \$287 million from the end of March and was \$1,567 million greater than the \$14,059 million outstanding at the end of April last year.

—*The Wall Street Journal*.

False teachers, who magnify acknowledged errors in the practice of democracy, attempt to destroy our faith in man's right to self-government. As we seek to conserve what is good and sound even while we boldly explore and test new ways, we are labored by the demagogues of right and left, both of whom would turn back the clock of history to the days of regimented humanity. In such a maelstrom of facts and crises and false counsel, the guideposts to individual duty and action become obscured.

Infallible counsel for each of us is to be found within our valid hopes and aspirations and ideals as human beings, so clearly understood by our colonial forebears. The simple faith, the unshakable conviction they held in man's individual rights and his equality before the law and God, is the most priceless jewel in all the vast spiritual and material heritage those men and women bequeathed to us. We cannot afford to lose their sharp sense of basic values—expressed by Patrick Henry in one imperishable sentence.

—General Dwight D. Eisenhower,
President, Columbia University.

The Hoover Commission recommended that the government get out of the business of direct lending to persons or enterprises. It said that these operations "open up dangerous possibilities of waste and favoritism, of political and private pressure, or even corruption." The government should avoid all direct lending except in time of emergency, and Congress should restrict federal lending operations to insure that normal credit channels will be used to the maximum possible extent, the Commission said. Direct loans to individuals and companies are now being made by RFC, the Federal Reserve Banks, the Farmers' Home Administration, and two minor agencies—the Agriculture Department's Drought Loans and the Indian Loans.

—*Chamber of Commerce of the United States.*

A young New Englander was annoying the carpenter working at his home with repeated accounts of his long native lineage.

"A dozen of my ancestors," he boasted, "came over on the *Mayflower*.

Why, every drop of my blood has been on American soil for three centuries!"

Wearily, the carpenter looked up from his task. "Tell me, sir," he said. "how many nights did you sit up deciding you'd not be born Chinese?"

—*Jack Seaman, Pageant.*

We tend to think of labor and management in exaggerated cartoon symbols. Labor is a tough, lean fellow in overalls and square-toed paper hat. Management is a pot-bellied fellow with a big cigar and a silk hat. We had better expunge these false cliches from our minds, because both fellows are Americans of roughly the same material and psychological makeup. There are real management-labor problems to be solved. Why prejudice the job in advance by assuming that two different species of human beings are involved?

—Eric Johnston, president, Motion Picture Association, *Good Business*.

When you've a thing to say, say it,
Don't take half a day;
Life is short—a fleeting vapor—
Don't you fill that whole damn paper
With a tale that in a pinch
Could be cornered in an inch;
Boil her down until she simmers,
Polish her until she glimmers;
When you've got a thing to say, say it,
Don't Take Half a Day!

—*Atlanta Constitution.*

MEETING SCHEDULE

IDAHO

Shore Lodge, McCall, July 9

NEW YORK

Syracuse, September 14-15

ILLINOIS

Edgewater Beach Hotel, Chicago,
October 26-27

OHIO

Hotel Carter, Cleveland, November 8-10

INDIANA

Claypool Hotel, Indianapolis, November 10-11

OREGON

Portland, November 11

PENNSYLVANIA

Hotel Hershey, Hershey, September 14
Benjamin Franklin Hotel, Philadelphia, November 9

MICHIGAN

Hotel Statler, Detroit, October 25-27

VIRGINIA

Hotel John Marshall, Richmond, October 19-20-21

The Multi-Million Dollar Orphan

or

The Life and Death of a Foreign Account

The Place: Any Office, Main Street, Anywhere

The Situation: In Melodrama

SCENE I

In a comfortable office in the hinterlands, Mr. Account is created and placed in the "open" file. He is very happy in his surroundings because around him are friends, neighbors, co-workers, and even several relatives. He is handled and noticed almost every day, and receives excellent attention particularly on his due date and as he comes up for periodic solicitation for additional financing. He feels important and plays a part in the office operation.

SCENE II

For economic or personal reasons beyond his control, Mr. Account unexpectedly and perhaps unfortunately finds himself caught amidst the throngs of the vast shifting population of the United States. Thus, with or without choice, he uproots himself and his family and moves from his established home in Paducah to far away Podunk, a process which virtually severs his economic, family and social relationships.

SCENE III

This forced change shakes the very foundation of his "open" account existence. He is without warning lifted from file, torn from friends, neighbors and relatives and forwarded to an office completely foreign to him. He is roughly taken from the mailed envelope, gazed disdainfully upon and thrown aside. For several days, he lies alone in a deserted drawer with a few other accounts who, by the time of his arrival, have shriveled and deteriorated to insignificance. Thereafter, every few weeks, he will be unconcernedly lifted out of the dungeonlike drawer for a few minutes and then replaced without further consideration. He is now one of the nation's many thousand displaced orphans. Of the \$720,000,000 invested in his original type he is one of the multi-million dollar* orphans who could expect little of the attention and consideration he has previously been entitled to and accorded. His is an

This article was contributed by Harry W. Gibson, Director of Consumer Relations, Capital Finance Corporation. What are YOUR suggestions?

time will eventually reduce him to an occupant of a P&L coffin. In moments of misery his mind will try to reason why accounts of one time good credit value, healthy in every respect, able to continue and maintain their credit health if they were but given the proper attention, are forced into heartless exile and death. Like flowers exist with sunshine and water, many in his category could survive with constant application of work and attention, through normalcy or profitable liquidation. But no, as soon as he is removed from his original home, he is treated as an outcast even though his dollar value is the same as those in the new office with whom he is not now allowed to associate. With every letter of inquiry from his original home, he is treated with even greater disregard and pushed further back in the dark archives of a collection desk, there to spend what seems like an eternity until final notice is received of his passing to the P&L cemetery. He is then gently lifted and buried without ceremony in the top layer of the waste-basket.

Wanted—A WORKABLE SOLUTION

The above melodrama is obviously intended to dramatize a situation existing to greater or lesser degree throughout the nation. Operators, throughout the country, are finding in an increasing number of cases that the foreign account situation is a costly and heart-breaking problem. It is becoming almost useless to forward an account to many operators for collection, liquidation or take-over.

Consumer finance companies spend millions annually in their over-all operation and have been doing an excellent job in every phase with the exception of handling accounts that have moved from one locality to another. This lack of cooperation is estimated to cost an almost unbelievable sum.

The National and State Associations are constantly engaged in the inter-

change of progressive ideas, practices and policies for the sole and unselfish purpose of helping one and another better perform their function of helping the borrowing public—but there is a definite flaw in handling foreign accounts, which some estimate may cost our industry from three to five million dollars annually. This tremendous loss can largely be attributed to a lack of cooperation among members in handling foreign accounts and seems to run higher in the big city areas than in those of the smaller communities.

Because of this lack of cooperation it is estimated that an account moving from one area to another may be 90% lost unless the owner has the good fortune to have another branch or a personal friend in the new locality to handle the liquidation—otherwise recovery appears to be solely dependent on the secondary effort of a seemingly uninterested party. It is acknowledged that operators sometimes either in self-defense or selfishness retain an account and attempt to effect collection via long distance instead of instantly negotiating its transfer as a healthy, productive account. This long distance handling sometimes results in a deterioration that cannot subsequently be overcome.

Our National Association has no set formula for this problem's solution. It has been suggested that the National Association act as a "Clearing House" for these accounts, but the routine that would be required appears to be a physically impossible function even if it is desirable—and the average state association is similarly unable physically to undertake such a function. Yet this grave problem of considerable magnitude continues to exist.

In the past, all on the so-called "fir ing line" (the managers, their office associates and field supervisors), are the group who have consistently developed the forward and progressive operating efficiencies of our industry. This problem is one that directly affects everyone's operation and for that reason there should be a solution to this problem.

Therefore, we invite you, the reader, to give the problem your considered attention, to draw upon your experience and to write a letter to the editor outlining your concrete proposals as to what will solve this problem.

* It is estimated that balances of current foreign accounts outstanding plus those previously P&L'd may well exceed \$10,000,000.00—a tremendous sum even in this era of governmental wastage.

existence that with only the passing of



Max P. Shelton, president of the National Consumer Finance Association, will be the general presiding officer.



I. L. Brisbin, vice president, is chairman of the General Convention Committee.



M. L. Goeglein, president of the California Association and National Board member, represents the host state.

1949 Convention Highlights of Program

WEDNESDAY, SEPTEMBER 28

First General Session
Ambassador Theatre
Welcome addresses and response
Keynote address
Review of current economic trends
Luncheon Session—Coconut Grove
Speaker—Edward Davenport of California
Second General Session
Four Round Table Discussions on Operations

1. Checking Your Operations
2. Teaching Effective Interviewing
3. Building Your Business
4. Legal Problems of the Industry

For the Women—A sightseeing tour of Los Angeles and Hollywood

Reception
The West Coast associations will be hosts to the National Convention in the Embassy Room.

THURSDAY, SEPTEMBER 29

Third General Session
Ambassador Theatre
Devoted to the theme of Better Public Relations, the program will bring three outstanding leaders in the field for addresses and discussions.

The Annual Golf Tournament at the famous Los Angeles Golf and Country Club will thrill the golfers, while the women enjoy a style show and entertainment at the Town House

Annual Banquet Session—Coconut Grove

An address by Hon. Harry P. Cain, U. S. Senator from the state of Washington, and de luxe entertainment will feature this evening in the world-famous Coconut Grove.

FRIDAY, SEPTEMBER 30

Fourth General Session
The Annual Meeting of the membership of the Association will hear and consider reports of officers and committees, transact the business of the convention, and elect the Board of Directors.

Inaugural Luncheon
Installation of new officers
Address by Leo Carrillo, famous movie star of Hollywood.

All sessions will be held in the Ambassador Hotel and Theatre. For reservations write to:

Convention and Visitors Bureau
Los Angeles Chamber of Commerce
Los Angeles, California

or a note to the Editor will bring a reservation request form by return mail.



Ray E. Vester of Portland, Oregon, is General Program Chairman. His committee has arranged an exceptionally fine educational and entertainment program.



John P. Bramer of New York, as chairman of the Transportation Committee, has completed arrangements for a de luxe tour from Boston, New York, Chicago and intervening points to the convention on the Lender's "Forty-Niner" Special Train.

On this tour you will see the beauty of the Rocky Mountains, Estes Park, Denver, the Continental Divide, Salt Lake, San Francisco and the Golden Gate, Yosemite with the Big Trees, the Sierras, Los Angeles, and the Grand Canyon.

For the utmost in enjoyment and for a never-to-be-forgotten experience, come along. If necessary, make this a combination vacation and business trip—but, in any case, come along and join the crowd.

Selling U. S. A.

Capital Finance Corporation Using New Advertising Theme

"It's fine to live in America." Capital Finance Corporation decided to use this theme in their advertising and have been using a novel plan of presentation since the first of the year.

Leon J. Ingram, president of Capital, describes it as follows:

The idea in itself is not new, but perhaps the form in which we are presenting it has some originality about it. As you know, for several years many business men, radio commentators and writers throughout the nation have been disseminating literature, making speeches over the radio, and before audiences, in an effort to combat the spread of Socialism, Communism and other "isms", through informing the people of the United States as to the differences between those ideologies and the capitalistic philosophy with its much greater benefits and opportunities.

It has been our feeling for a long time that much of this material and information didn't reach the large portion of the populace of this country that are more easily and readily influenced by the subversive groups spreading their doctrine. It seemed to us that the consumer credit industry, and by that we mean all branches thereof, was in a more ideal position to do an educational job than probably any other group of people, or industry, in this country. This, of course, is due to the fact that not only do we deal directly with that part of the population that the Socialists and Communists are particularly trying to influence, but that the great bulk of our literature and material was directed to that group.

As a result thereof, we determined in late 1948 that beginning January 1, 1949 we would devote at least a paragraph in every letter sent to our present and former customers, as well as new prospects, to the selling of the country in which we live—the U. S. A.

This, insofar as Capital Finance Corporation and subsidiaries are concerned, would mean that we would reach from 250,000 to 300,000 families every month, located in the industrial centers from Illinois to the Atlantic Seaboard. To illustrate this point, our January letter to present customers was as follows: (The necessary variations were made in it to fit the letters going to former and prospective new customers.)

"As 1948 draws to a close, I find myself looking backward, counting all my blessings, one by one.

"I thought how lucky you and I and the 140,000,000 other Americans are to be living in the good old U.S.A., where



Leon J. Ingram

we can raise our kiddies to be decent, honest human beings; where we can choose our jobs and do the work we like to do; and where sincerity, honesty and integrity—yes, and the good word of a man means something.

"Then, too, I thought about my job, realizing there couldn't be a job like that in a lot of other countries . . . knowing that the good word of people like you made my job possible, giving me, day after day, that deep-down satisfaction of helping others.

"And, as I thought of all this, I wanted you to know how much I appreciate your friendship and your business and with this expression of thanks, to let you know that in this New Year you can rely on us to take care of your money wants to the best of our ability . . . in a way that will please you.

"The enclosed folder will give you an idea of our business philosophy and our sincere desire to serve you.

"With all best wishes for 1949, I am,

(Signed by Manager.)"

Following are paragraphs from letters mailed in subsequent months:

"Yes . . . isn't it fine to live in a land of peace and plenty . . . where the man who works for a living makes a better living in fewer hours than anywhere else in the world? . . . Where he chooses his work and his way of life and the place he wants to live. . . . Where no man can tell him what to buy . . . or when . . . or where . . . or how.

"That's real freedom.

"Isn't it grand to live in a land where you can work out your own financial problems . . . where CASH LOAN CREDIT means something, etc. . . ."

For illustration and attention-getting purposes, a small metal mirror was pasted in the upper left hand corner of the following letter:

"Take a look at the man in the mirror. He's the most fortunate man in the world. He's the fellow on Main Street. He's the backbone of America; he's brain, muscle and manpower—and his working and producing more good things for more good people makes America strong—and he keeps her free. Yes, the man in the mirror is you, but it might just as well be your neighbor, your fellow worker—or me.

"You may have thought what you saw in the mirror was different, but actually it's not. We are all 'brothers under the skin'—all with a common goal—peace, security, prosperity. That's what makes America great—working together with a common purpose and helping our fellow man."

Excerpt from another monthly letter:

"Taking a vacation is a fine American tradition . . . one that makes you feel glad to live in the good old U.S.A. . . . where you can go where you please, how you please, when you please . . . with no visa, no restrictions, no police permit to bother you . . . no guards at the state line to ask for your passport . . . no matter where you go in America you're among friends . . . you're *free*.

"*Freedom* is a wonderful thing. It's something we Americans find difficult to appreciate fully. Just imagine being told what to do, where to go, how to do it!"

Our July message reads as follows:

"Perhaps you may think this is a most unusual letter to receive from me . . .

"It's not about my business, as you would expect it to be . . . It's not about our EXTRAS that we're so proud of and have been telling you about—friendly attention, personal consideration, a sincere desire to make the loan, understanding, respect for your confidence and better service . . .

"But, on the 4th of July with fire crackers booming outside my window—colorful parades on the streets—picnics in the park and beside the river—breathtaking displays in the sky at night, I could not help but think of the

EXTRAS we get just because we are citizens of the good old U.S.A. There are hundreds of them—even thousands—and I am listing a few to the left of this letter.

"Some businessmen might consider us rather foolish to be advertising the EXTRAS you receive as an American rather than the EXTRAS you receive here with a loan. It is because of the personal nature of our business—perhaps it is because of our close contact with the average American—his problems, his hopes, his desires—that we folks at Economy are so keenly aware of these EXTRAS. We just wanted YOU to know we're proud to be a part of the 'American scene' . . . that we appreciate the freedom and friendships we enjoy by living and working here.

"I believe it is good to think about these things once in a while, don't you?"

(Signed by Manager.)"

Of course, it is well recognized that the objective of a good salesman is to make a sale every time he rings a doorbell or greets a prospective customer. The same thing is true of advertising literature. The remainder of our letters are devoted to that purpose. The main point we are trying to make here is that we believe that a two-fold job can be done without material additional costs and perhaps with even better commercial results, to say nothing of what can be accomplished over the long pull.

On February 16 the Saturday Evening Post carried an article headed "Let us count our blessings" and below it set forth the following:

"As we take stock of this mighty nation, still young and still growing, one of our greatest blessings is so taken for granted that it is often overlooked.

"That blessing is *your* freedom to pick and choose. Not only in such vital matters as where you will worship or how you will vote—but in such ordinary ways as what dessert you will eat for dinner, what outfit you will wear to the dance, or which movie you will see on Saturday night. And it is that blessing—your simple freedom to pick and choose—which produces so many of America's other blessings.

"For example, nowhere is America's bounty better displayed than in the shopping center of your town. *Anystreet* is the crossroads of plenty in this land, whether it be a glittering Broadway or a quiet country highway; and every store, every business on that street is a living symbol of plenty—and of democracy.

"It is your freedom to pick and choose which brings all those wonderful material blessings into the stores and shops on *Anystreet*—and keeps them there.

"For your local merchant doesn't just sell things to you . . . he buys things for you. It is his job to venture out into the great markets and production centers of America and bring back the goods you are going to want—in the particular size or shape or color or model you are going to like.

"He must be ready to fill your needs and fancies at the exact moment you want them filled—or he fails. And in the long run, even the giant manufacturer half a continent away must please you—or he fails. In America, you are the boss.

"That's the way our democracy works—every store across this land retails democracy. *For without a free exchange of goods, you cannot have a free people.*

"So let us count the blessings we have today . . . and work with a will toward the even greater blessings of tomorrow. As they arrive, you'll see them displayed for your pleasure in the shops all along *Anystreet*. And you can pick and choose, my friend.

"That's America!"

Early in 1949 the Advertising Council, a non-profit organization for public service, came out with a booklet from which we have gotten several of the ideas we have been using in our own campaign. Their program has as its basis the following ten points:

1. Freedom of the individual to work in the callings and the localities of his choice.

2. Freedom of the individual to contract about his affairs.

3. Freedom of the individual owner of property to start and manage an enterprise, to invent and profit, to invest, to buy and sell in a free market—insofar as this freedom does not conflict with the public interest.

4. Freedom of the individual to speak, to inquire, and to discuss.

5. Protection for the individual—by public or private means—against the basic hazards of existence over which he may have no control.

6. Government action in economic affairs when necessary to ensure national security or to undertake socially desirable projects when private interests prove inadequate to conduct them.

7. Freest possible competition consistent with the public welfare.

8. Free collective bargaining—the right of labor to organize and to bargain collectively with employers.

9. Expanding productivity as a national necessity. American experience has proved that it is in the long-run interest of all: (a) to pay labor progressively higher wages in relation to prices; (b) to do this by progressively increasing productivity per man-hour through the application of constantly

greater mechanization, power, efficiency and skill in the processes of production and distribution; and (c) to reduce hours of labor and improve real income while increasing the volume of production and distribution.

10. Increased recognition of human values as a prerequisite to better living.

You will note after reading the above that we have used as the basis for paragraphs in our letters some of the above points.

The organizations engaged in the consumer finance business (the making of loans under the small loan acts of the various states) have, as present or former customers, to say nothing of their mailings to prospective new customers, approximately four million people to whom they send advertising periodically throughout the year.

This is only one segment of the consumer credit field and comparatively a small one. If personal loan departments of banks, the consumer bankers group, the industrial bankers group, the National Retail Dry Goods group, the sales finance people and the others not enumerated here were to follow a similar course, it would mean the blanketeting of the nation with an educational and informative campaign that would definitely reach practically every adult in the United States.

This could be done with little or no additional cost. So far as Capital is concerned, there have been no additional costs other than the time spent by the people in the preparation of copy and that is something they have to do anyhow.

The next question that arises is whether it injures the results of one's advertising if such material is used in connection therewith. That is where ours is used, and based on a comparison with competitors who publish quarterly statements, it would appear that our results are, if anything, slightly better.

Further, we have eliminated to a large extent the usual trite or lurid, flamboyant copy that frequently permeates the advertising of consumer credit operators.



Fortieth Anniversary Celebration



Charles T. MacDermott, Sr., president of the Merchants Acceptance Corporation, accepting scroll from Charles J. Ahearn, president of the Massachusetts Association of Small Loan Companies, on the occasion of the 40th anniversary of the founding of the Merchants Acceptance Corporation.

Charles T. MacDermott, founder and president of Merchants Acceptance Corporation of Worcester, Massachusetts, with offices in New England and Pennsylvania, was honored at a surprise testimonial dinner, arranged by a group of forty business associates, at the Worcester Country Club, Thursday, June 9th, on the occasion of the fortieth anniversary of the business organization he founded.

An illuminated, framed parchment scroll was presented to Mr. MacDermott by Charles J. Ahearn, president of the Massachusetts Association of Small Loan Companies, in behalf of the members and officers of the association. The text is reproduced below.

Mr. MacDermott was born in East Brookfield, Massachusetts, and entered the small loan business in 1906. Three years later in 1909 he formed his own company. He has been active in consumer finance circles ever since. He has served as president of both the National Association and the Massachusetts Association and is currently a member of the Board of Directors of the National Consumer Finance Association and a member of the Executive Committee of the Massachusetts Association of Small Loan Companies.

His two sons, Charles T. MacDermott, Jr., and Edward J. MacDermott, are associated with him in the Merchants Acceptance Corporation. Charles, Jr., is vice president of the corporation and Edward is a director and treasurer of the corporation.

Merchants Acceptance Corporation operates twenty-two offices in five states: seven in Massachusetts, two in Rhode Island, six in Maine, four in New Hampshire and three in Pennsylvania, with customer receivables in excess of six million dollars.

"Mr. Mac," like his fellow townsmen

of East Brookfield, Connie Mack of the Philadelphia Athletics, is a man much loved and respected by those who know him. He is a good story teller, a better-than-average golfer and an amateur gardener in his spare moments. His friends in New England and the nation are legion both within and outside the consumer finance field.

Among those attending the surprise testimonial dinner were Charles T. MacDermott, Jr., vice president, M-A-C Corporation; Edward J. MacDermott, treasurer, M-A-C; Ed Connolly, comptroller, M-A-C; Elmer Ackerson, supervisor, M-A-C; Don Kinney, field auditor, M-A-C; Ray Dunning, clerk and legal counsel, M-A-C; Frank Murphy, Waite Hardware; John Washburn, president, Washburn-Garfield; Bob Denny and George Bullock, State Mutual Insurance Co.; William Ireland, president, Worcester County Trust; Fred Christmas, Kenney-Kennedy; Everett Merrill, president, Merrill & Usher; Harry Frazier, Easthampton Loan Co.; Ted Woodward, Herb Henshaw, and H. S. Treworgy, Scovell, Wellington Company; Ronald Gill and Godfrey Simonds, G. H. Walker and Company, Providence, R. I.; John Hogan, vice president, Union National Bank, Lowell; Hoke Maroon, Family Finance Company of Florida; George Scalley, Century Press; George W. Sawyer, vice president, First National Bank, Boston; Foster Doty, president, Union Trust Company, Springfield; Horace McCowan, president, Industrial City Bank, Worcester; Earl E. Davidson, former supervisor of Loan Agencies; Charles J. Ahearn, president of the Massachusetts Association of Small Loan Companies; Thomas P. Corcoran of Westfield, past president of the Massachusetts Association; Martin W. Newman, chairman of the association Public Relations Committee; Francis M. Gannon, Beneficial Management Corporation;



Receiving congratulations, Charles T. MacDermott (second from left) poses with Worcester business leaders, left to right: Adolph Johnson, (Mr. MacDermott), Everett Merrill, president of the Worcester Chamber of Commerce, and Fred Christmas of Kenney-Kennedy Company of Worcester.

Thomas H. Hoare, executive director of the association, and Lawrence M. Curtiss of the association Executive Committee, and others among his employees and business friends.

**IN RECOGNITION
OF THE CONTRIBUTION
OF
CHARLES T. MACDERMOTT
FOUNDER AND PRESIDENT
OF THE MERCHANTS
ACCEPTANCE CORPORATION
TO THE
GROWTH AND DEVELOPMENT
OF THE
CONSUMER FINANCE BUSINESS
IN
MASSACHUSETTS
AND THE UNITED STATES
THE MEMBERS OF THE
MASSACHUSETTS ASSOCIATION
OF
SMALL LOAN COMPANIES
HEREBY EXPRESS
THEIR SINCERE APPRECIATION
FOR HIS
LONG AND DEVOTED SERVICE
AS A MEMBER AND AN OFFICER
OF THE ASSOCIATION
ON THE
OCCASION OF THE CELEBRATION
OF
THE FORTIETH ANNIVERSARY
OF THE
BUSINESS ORGANIZATION
HE FOUNDED**

CHARLES J. AHEARN, PRESIDENT
MASSACHUSETTS ASSOCIATION
OF SMALL LOAN COMPANIES

MARTIN W. NEWMAN, CHAIRMAN
PUBLIC RELATIONS COMMITTEE

JUNE 9, 1949

CONSUMER FINANCE NEWS



The MAC family left to right: Charles T., Jr., Charles T., Sr., and Edward J., at the surprise testimonial dinner to celebrate the 40th Anniversary of the founding of the organization.

Association's Film Well Received at Group Showings

Quotes from Letters Reporting on Its Reception

"On April 6th, *Every Seventh Family* was shown at the general meeting of the Truck Drivers, Warehousemen and Helpers Union, Local 76. It was an interesting experience for me to talk to these men and I was surprised at their interest in the business.

"Here are some of the questions they asked: What is a signature loan? If I have a furniture loan and miss a payment, what does the manager of a loan company do? If my car is paid for and I make a loan on it, and if it is necessary to sell it, do I have to pay the balance to the loan company? Why did the loan manager suggest that the reporter check a wholesale house and a retail store to get prices on merchandise? How much does a \$100.00 loan cost for a year and can I pay it all at once?

"The head of the union and I talked after the showing and he was very appreciative of the fact that we had brought this information to his men. He suggested that if it is shown to a similar group that we bring out the necessity of the borrower paying his account on time."

* * *

"The film, *Every Seventh Family*, was shown by this office before the Optimist Club on Wednesday noon, March 2nd. Approximately seventy-five people were present; this included special guests invited, such as the City Welfare and Social workers, Catholic Apostolate workers, some educators, newspaper men, and radio men. We also had the heads of the personnel departments of two of our large paper mills in attendance.

"The film was well received, and I sincerely believe that those present have a better understanding of our industry. I shall continue to make attempts to have it shown at other club meetings in this vicinity."

* * *

"This will advise that this office had the privilege of showing the film, *Every Seventh Family*, at a regular meeting of the Homestead Rotary Club, April 4. There were 34 members present.

"The film was very well received and the comments were very favorable. We think that this film should be one of the best public relations mediums that the finance association has ever had.

"I have been contacted by two interested parties, who think they would also like to have the use of this film in the future."

JULY, 1949

"On March 15, 1949, I showed the film, *Every Seventh Family*, before the Cicero Lions Club at their regular Tuesday luncheon. There were 105 men present, representing doctors, dentists, merchants, managers and representatives from the many and varied industries in this area.

"The reaction of the group was most favorable and I spent approximately one-half hour after showing the film answering questions and directing a group discussion.

"We engaged a professional operator and the sound equipment rented was in perfect working order, so the presentation of the film was mechanically and acoustically perfect. The consensus of opinion was that there is certainly a definite place for small loan companies in our economy and that the cost of making small loans economically justifies the usual rate charged.

"It was a distinct pleasure and privilege to present this program and since it was so well received, I, too, derived a substantial measure of pleasure in presenting it."

* * *

"On Wednesday, April 6, the film was shown to the Lions Club of Moorhead. Our district supervisor was present at this meeting and saw the film and also heard the comments of the local president, Mr. Henry Steinling. Mr. Steinling mentioned that he was co-author of the Minnesota Small Loan Law when he was a member of the State Legislature in 1939. He gave a nice four-minute speech regarding the film and the benefits of the Small Loan Law in the State of Minnesota. Incidentally, Mr. Steinling is the secretary of the Moorhead Industrial Loan Company operating under the Industrial Loan Act."

* * *

"This is to inform you that we have recently presented the film, *Every Seventh Family*, to the members of the South Omaha Kiwanis Club.

"We had anticipated a favorable reaction and were more than pleased at the comments that were received at the end of the meeting. Seventy business and professional men in the community made up the audience.

"We believe the film did more than its planned purpose, due to the fact that a few weeks ago a member of the Industrial Savings and Loan Company, in this city, gave an address before this

same club. Although the writer was unable to attend this particular meeting, a lot of unfavorable comments came to my ears resulting from his talk.

"He spoke on automobile financing in particular and unfortunately gave several wrong impressions on the loan business that we know he did not intend to convey.

"We believe the showing of this film helped to reverse some misconceptions of our industry that were conceived from the above mentioned address."

* * *

"We showed the film, *Every Seventh Family*, on March 9th to the Cedar Rapids Retail Credit Association.

"The film was well received, and we feel that many of the credit managers and their assistants have a better knowledge of our business than before. This was evidenced by the questions they asked."

* * *

"Last evening we arranged a showing of the picture, *Every Seventh Family*, for the Junior Chamber of Commerce meeting. This picture was shown to seventy men and included in the audience were our local county attorney and the managing editor of the *Waterloo Courier*.

"The movie was well received and I answered questions for about twenty minutes after the picture was finished. Most of these questions pertained to interest rate, the reasons people borrow, and the earnings of small loan companies. After the meeting I was approached by several fellows and spent about another hour discussing the small loan business with them. I believe most of the men enjoyed the picture and gained a better understanding of the consumer finance industry."

* * *

"To cite you an example of how well this film has been received in the cities where we have offices located, we quote you the following paragraph received from our Racine, Wisconsin, manager:

"The economics teacher at Park High School called on me and asked to have the film back there for another showing. It will be next Thursday, the 12th, and on the 11th he is sending several students to our office to get a practical demonstration of our operation."

(Continued on Page 15)

Public Relations in Action

Grand Public Relations Prevailing in Grand Junction

The Citizens Finance Co. of Grand Junction, Colorado, sponsored an unusual public relations project during January, February, March and April of 1949. The program involved a novel use of the series of ten institutional public relations advertisements prepared for the industry by the National Consumer Finance Association, an essay contest for all high school students of the business area of Western Colorado, a study of the book "Using Consumer Credit," a detailed study of the scope and function of consumer finance companies and the awarding of substantial cash prizes for the prize-winning essays on the subject: "The Importance of Consumer Finance Companies in the American Way of Life."

The project was initiated by a letter from M. N. Due, president of Citizens Finance Co., to the principals of all the high schools in the Western Colorado trading area. Under date of December 24th, Mr. Due wrote the principals a letter in which he called attention to the use or misuse of credit, especially instalment credit. Among other things, he said: "In the use of credit, as in the operation of an automobile, one must now learn from experience rather than education, and experience is a costly teacher." He sent a number of copies of the book "Using Consumer Credit," prepared and sponsored by the National Association of Secondary-School Principals, to the school library for the use of students in arriving at a better understanding of the uses of consumer credit and as an aid in preparation of their essays. The letter further announced the essay contest for the high schools and high school students, which essays were to be upon the subject: "The Importance of Consumer Finance Companies in the American Way of Life" and were to be not less than 2,500 words in length. Cash prizes ranged from \$100.00 for the first prize to ten prizes of \$5.00 each. Posters were provided for the bulletin boards in each of the thirty-five high schools eligible to participate in the contest which gave the rules of the contest and announced the fact that the ten public relations ads on the use of consumer credit would be published in the Sunday issue of the *Daily Sentinel* of Grand Junction during the next ten weeks' period, portraying the role of consumer finance companies in the American scene. The announcement carried the statement:

Instalment credit has become such an important part in the American way of life that Citizens Finance

wants every school child to know just what can be done with credit. Our children must know the importance of maintaining good credit. They must know how to use their credit and how not to use it.

Credit is an integral part of American life. Wisely used, it serves well. It encourages better budgets, opens the door of opportunity, and raises the standard of living.

In addition to the cash prizes to the student winners of the essay contest, additional prizes were offered and awarded to the high schools themselves: a cash prize of \$75.00 to the school having the greatest percentage of enrollment participating in the contest and \$50.00 to the high school having the largest number of entries. Judges of the essays were faculty members of the Mesa College in Grand Junction. At the conclusion of the contest, the winners were announced on the radio and in the press with pictures portraying the scene at the awarding of the prizes.

The ten institutional ads were run in series in quarter-page size, and each carried a footnote calling attention to the essay contest, the prizes to be awarded and the subject. Spot an-

nouncements on the radio were used throughout the contest with the tempo increasing as the time for awarding the prizes arrived.

Mr. Due presented the prizes in person at a public assembly in the several schools winning prizes, more than 1,200 students being present at the award ceremony at Grand Junction. Edwin Sparn won the first prize of \$100.00 and Marilyn Sundal the second prize of \$75.00. Olathe High School, of Olathe, Colorado, won the first prize for schools having the greatest percentage of enrollment entered in the contest and also won the second prize for the school having the largest number of entries irrespective of enrollment.

The final ad was run in the Sunday edition of the *Daily Sentinel* announcing the names and high schools for all of the prize winners in the contest. In addition to the cash prizes, an attractive certificate of award was given to each winner in form suitable for framing. First prize winners' certificates were gold colored, and all of the certificates bore the corporate seal of the Citizens Finance Company.

Newspaper publicity was extensive and favorable. M. N. Due, in commenting upon the results of the contest, ex-



Left to Right: Frank Simonetti, Jr., Contest Editor, Chief Accountant of Citizens Finance Company; Edwin Sparn, Senior, Grand Junction High School—winner 1st prize of \$100.00; M. N. Due, President-Manager of Citizens Finance Company, Past-President and Director, Colorado Association of Finance Companies, and Marilyn Sundal, Senior, Grand Junction High School—winner of 2nd prize of \$75.00.

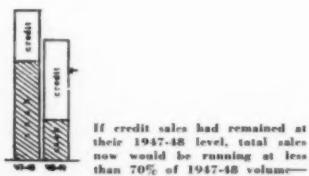
pressed his enthusiasm for this type of a public relations undertaking. He said: "These young people certainly could not help but be impressed with the program, and I think it is at least the groundwork for some future public relations program."

He also said: "I believe that we should go to the grass roots with our public relations program and see that courses of study are put into our junior high schools and then into our higher educational institutions."

Credit—Economic Balance Wheel

Even among economists, possibly not one in a hundred has realized the role instalment credit has been playing to support the nation's economy in the past 12 months. Of course, consumer credit is particularly applicable to the durable products people cannot buy with pocket change or from a single pay check: things like watches, washing machines, radios, television, refrigerators, furniture, floor coverings, engagement rings.

To show **WHAT WOULD HAVE HAPPENED** to the Durable Goods Economy if **CREDIT SALES HAD NOT TAKEN UP THE SLACK WHEN CASH BUYERS QUIT BUYING** in THE 1948-49 period.



Economists agree that prosperity in these durables lines is a key to full national employment and the well-being of the whole economy.

There are differing reports as to just how far business has slipped from its peaks of 1948. The decline varies by product lines, perhaps running anywhere from 10% to 25%. A good guess is that heavier durables, excluding automobiles, have dropped 15% to 18%, in dollars, this in the face of hundreds of reduction "sales" which retailers have resumed this year in the pre-war pattern of seasonal merchandising.

So it is safe to say that sales in units of goods have dropped a little more than the percentage drop in dollars.

During this 12-month period, however, an electrifying thing has happened in the durables economy. A year ago, something like 65% of these products were sold for cash. Instalment sales accounted for 33% or less of total volume.

He commented upon the lack of knowledge of the business and of the functions of consumer finance among high school principals and students alike when the contest began and the great improvement in understanding which resulted from the intensive study given to the subject during the contest.

The photograph depicts the scene at the time of awarding the prizes to the contest winners at Grand Junction while the program was being broadcast over Station KEXO.

purchaser has sustained the American economy once again, has given all other economic forces and factors a respite, temporary opportunity to reassert themselves and start us onward again toward resumption of full prosperity.

—*The People's Credit.*

Fair Labor Standards Act

A check today shows that about 70% of sales are on instalment plans, about 30% for cash. The accompanying chart displays this visually.

With total sales down perhaps 18%, one can see what would have happened if credit sales had remained just about what they were a year ago. Notice how drastically cash purchasers have cut their buying.

If the instalment purchaser had not stepped into the breach, durables sales today would not be down 18% but 35% or even more. Had this happened we would be in a real depression now. Here is vivid illustration of the way that instalment buying acts as a flywheel or governor upon the durables economy.

In every period when the business cycle starts its downward turn, cash sales, much more volatile than credit, turn downward first. Instalment credit sales continue to bolster the economy for a period of time.

Naturally the "little people" of the country cannot be expected to keep business spinning along indefinitely, when other buyers have retreated from the markets. But what they are doing today illustrates the fact that they do support the market for a reasonable period during which, if the other forces are healthy and strong, cash buying can recuperate its faith and resume a relatively correct position. If this happens soon enough downward trends in the cycle can be stemmed. If not, then ultimately the credit purchaser will recognize that something is wrong and he too will stop buying.

Meanwhile, those interested in the durables economy, in full employment and national prosperity, ought to recognize the tremendous service being rendered right now today as instalment purchasers, taking up 70% of the durables sales market, are preventing the debacle which would have taken place had they too withdrawn from the market as have cash purchasers in these few months.

There are other factors, of course, but the unalterable fact remains, just as the chart depicts it. The instalment

Investigation by Administrator. . . . An employer refused to produce its payroll records for inspection by the Administrator on the ground that its employees were not covered by the Act. Upon appeal of an application for enforcement of a subpoena, the court held that the Administrator had the right to inquire into the questions of coverage and violations at one and the same time—the right to inspect the payroll records did not depend upon a prior determination that the employees in question were engaged in interstate activities so as to come within the scope of the Act (Holloway Gravel Co., CA-5, 16 Labor Cases P 65, 148).

—*CCH Labor Law Reports.*



If so, you'll be interested in seeing samples of a successful ANNOUNCEMENT PROMOTION that has been getting outstanding results.

• This unique direct mail idea builds loan volume so quickly that it is used by some chain companies every time they open a new office.

• Write for free samples today. There's no obligation. We'll be delighted to send them to you.

Distinctive Advertising Service

P. O. Box 1182 Albany, N. Y.

Instalment Credit and Its Place in the National Economy

Instalment credit has become an integral and vital part of the economic and financial structure of our national economy. Something as to the breadth and scope of this form of credit is indicated by the fact that about 152,000 financial agencies and vendors have registered with the various Federal Reserve banks under the requirements of Regulation W, pertaining to the regulation of instalment credit. According to the Federal Reserve authorities, when Regulation W was in effect during the wartime period, and covered a wider range of listed articles than at present, more than 200,000 individual businesses were registered under the regulation.

The table reproduced below (compiled by the Federal Reserve authorities) shows that 146,559 business organizations were registered under the Regulation at the end of 1948. Of this

total, nearly 33,000 or more than one-in-five were financial institutions. Retail dealers, contractors, utility companies, manufacturers and other retail businesses making instalment sales of consumer goods numbered almost 114,000. It is interesting to compare the data given as of the end of 1941 with that as of the end of 1948.

Instalment credit is composed of two principal forms of credit: instalment *sale* credit, and instalment *loan* credit. At the end of March, 1949, the total amount of instalment loan indebtedness of consumers was approximately \$4 billion. The amount of such indebtedness arising out of instalment sale credit was also approximately \$4 billion.

Instalment loan credit, which includes general expenditure loans as well as those to buy durable goods accounted for most of the growth in instalment credit outstandings during the

year 1946 and the early part of 1947. There were increases in both the number of loans made and the average amount of the loan. During 1948 the total loan volume of the country reached \$6,700,000,000, over one and one-half times the volume in 1946.

At the present time, the amount of instalment credit outstanding, including both loan credit and sale credit, is equal to about four per cent of the current level of disposable income.

The largest and the most important single source of demand for instalment sale credit rises out of the purchase of motor vehicles. The amount of automobile instalment credit currently outstanding is approximately \$2.7 billion. About \$2 billion of this amount may be classified as instalment sale credit which originated with retail dealers. The remaining portion is instalment loan credit extended as cash loans to purchasers, the proceeds of which have been used to purchase motor vehicles. It is estimated that at the present time approximately five million individuals in the United States owe amounts upon instalment credit contracts in connection with the purchase or acquisition of motor vehicles. Approximately one-half of the nation's families own at least one car, and this widespread ownership has been made easier through the use of instalment credit.

These results, as indicated by the above facts, show what an industry can do when it sets about to serve the economic needs of consumers.

—*Time Sales Financing.*

NUMBER OF REGISTRANTS UNDER REGULATION W AND AMOUNT OF INSTALMENT CREDIT RECEIVABLES OWNED BY EACH GROUP, AT YEAR END 1941, 1948
(Data Compiled by Federal Reserve Board)

(Dollar amounts in millions)

Kind of business	Number of registrants		Instalment receivables owned	
	1948	1941	1948	1941
All registrants	146,559	156,815	\$9,377	\$6,766
<i>Lending agencies, total</i>	32,687	36,731	7,611	5,043
Sales finance companies	2,574	3,237	1,919	2,074
Commercial banks, trust companies, and industrial banks	12,206	12,586	3,584	1,699
Industrial loan companies	617	1,756	167	1,230
State-licensed small loan companies	2,963	2,652	981	496
Credit unions	7,240	8,838	282	192
Other financial businesses	7,087	8,662	678	352
<i>Retailers, total</i>	113,872	120,084	1,766	1,723
Automobile dealers	45,707	36,827	199	277
Stores:				
Department and general	5,152	5,589	527	361
Furniture and housefurnishings	18,075	15,187	679	555
Household appliance and radio	20,060	15,972	123	113
Hardware and automotive accessory	11,543	15,120	59	51
Dealers and contractors:				
Heating, plumbing, and air-conditioning equipment	3,119	8,294	7	15
Other construction and repair materials	2,245	10,066	10	38
Electric and gas utility companies	757	1,031	37	107
Manufacturers	334	1,046	14	62
Other retail businesses	6,880	10,952	111	144

¹ Industrial banks are included with industrial loan companies in 1941 registration data.

NOTE.—Source of data, Regulation W registration statements. The number of registrants and amount of receivables owned are based on all registration statements received by December 31 for the 1948 registration and by January 15, 1942 for the 1941 registration. The number of registrants under the current regulation has now reached 152,000, and under the wartime regulation eventually exceeded 200,000.

Total instalment receivables shown in this table are somewhat higher than published estimates for both registration periods. The excess over published figures may result from duplication in reports received from subsidiary as well as parent companies, and also from the probable inclusion in registration data of types of paper not covered by published series.

At a dinner the Member of Parliament was asked what was his most embarrassing moment.

"Well," he said, "I once dreamed I was making a speech, and woke up to find that I really was."—*Weekly Telegraph*. (Sheffield, England)



"Constance, I'm making an excellent salary, don't owe a cent, and I've got \$20,000 in the bank. Therefore... er... I don't want to get married!"

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CONSUMER FINANCE NEWS

Personalities



M. E. Patrick, vice president of Federal Discount Corporation, Dubuque, Iowa, was elected president of the Iowa Association of Small Loan Companies at the annual meeting of the association.

Active in association work for the past ten years, the new president had been on the board of directors for eight years and had been vice president for the past year. He continues as a member of the board of directors.

The Dubuque loan company executive, born in Coon Rapids, Iowa, April 14, 1899, has been with Federal Discount Corporation for 16 years. He opened and managed the first branch office of the Dubuque company, an office opened in Waterloo, Iowa. While advancing to the vice presidency of Federal Discount Corporation, he saw the organization change from a one-office company to a group of 32 offices in Iowa, Minnesota, Wisconsin, and Illinois.

Promoting the showing of the picture *Every Seventh Family* is Mr. Patrick's special interest at the present time. He has been directly responsible for at least 65 showings in Iowa, Wisconsin, and Minnesota.

In addition to his work in the Iowa Association he has for three years been a director of the Wisconsin Association.

•

Somebody sent me a postcard asking me if I would like to define democracy. I didn't care to do it at the moment but I think democracy is a state of affairs under which people feel free to send postcards to perfect strangers asking them to define democracy.—R. L. DUFUR, *Nation's Business*.

JULY, 1949

WENTY Years Ago in the News

Industrial Lenders News, July 1929

National Officers, 1928-1929: President, G. J. Badger; Vice President, Albert P. Snite; Treasurer, T. J. Harrison; Secretary, G. W. Kehr

The campaign of the Better Business Bureau against illegal lending, including so-called "salary buying" as practiced in St. Louis, has been one of the most aggressive, hard fought and most opposed campaigns in which the Better Business Bureau has ever engaged. The signing of the bill by Governor Caulfield regulating the activities of "salary buyers" in Missouri is quite a victory for the Better Business Bureau and those other agencies who have been cooperating in this campaign. The signing of this bill puts an end to the predatory practices of so-called "salary buyers" operating in this territory. No longer will they be able to extract the outrageous interest charges of 240% and up on loans made to needy borrowers.

The Better Business Bureau has, for the past few years, been devoting considerable time and effort toward educating the borrowing public as to their rights under existing Missouri statutes, pertaining to the loaning of money. Now that the conscienceless practice of "salary buying" is to be regulated, and placed under the supervision of the Department of Finance for the State of Missouri, the Better Business Bureau has determined to continue its aggressiveness, so that the employee borrower and the employer of labor will become thoroughly familiar with the provisions of the new law, thereby placing a greater obstacle in the path of any "salary buying" lender who attempts to evade the laws regulating the practice of money lending.

—*St. Louis Better Business Bureau Bulletin*.



MacIntosh Ellis, who has undertaken the promotion of an industrial lending enterprise in Sydney, Australia, in a recent letter writes:

"I have been helped very much indeed by the careful attention to various publications that have been issued by your Association and also through discussion with some of your advertisers."



With the industrial lenders of America facing a period of rapid change it is only natural that progress and reorganization should be the principal theme of the A. I. L. A. Convention to be held in Philadelphia in September. It is quite likely that many Association members do not appreciate the past development and present influence of the A. I. L. A. This has been considerable and will be even greater in the years to come. You'll want to have your "say-so" in this reorganization. Philadelphia, September 18-19-20, will give you this opportunity. Big things are coming. Get in on them.

A Glance at What They Are Doing

Richard E. Meier, president, Interstate Finance Corporation, Evansville, Indiana, will head the Riley Centennial Research fund campaign for Vanderburgh, Warrick, Gibson, Posey and Spencer counties, according to an announcement made by Anton J. Hulman, Jr., state chairman of the campaign and an Interstate director.

The state-wide organization will seek to establish support for a sustained program of scientific research in children's diseases in connection with the James Whitcomb Riley Hospital for children at Indianapolis.

Russell J. Darling, executive director, Michigan Consumer Finance Association, was recently presented with a Red Feather Oscar in token of appreciation felt by all members of the Ingham County Council of Social Welfare for his contributions to the Council during his 1948-1949 term as chairman. The presentation was made by Mrs. Harold Good, in-coming chairman, on May 19 at the Council's annual banquet.

Hal Wagner, advertising manager, Local Loan Company, Chicago, recently represented the consumer finance industry at the 45th annual convention of the Advertising Federation of America in Houston, Texas.

Matt W. Powers, III, who still reckons his age in days, having been

born on May 19—over eight months after the sudden death of his father, Matt Jr.—is reported by his proud grandfather, Matt Sr., as "getting along fine."

J. F. Patton, new manager of the Keokuk, Iowa, office of Public Loan Corporation, is establishing himself in the community without loss of time. He has been appointed a member of the entertainment committee of the Junior Chamber of Commerce.

Mary Lou Keller, cashier at the Limerick Finance Corporation, Mt. Vernon, Illinois, has been holding down two jobs. Besides her regular duties at the office, she was a student at the Mt. Vernon Township High School, from which she graduated in June. She was elected a member of the National Honor Society and presented with her pin at the Annual Honors Day Program at the high school.

Everett Best of the Research Department of Public Loan Corporation has been elected to the board of directors of the St. Louis Junior Chamber of Commerce for a two-year term.

Dr. Ernst A. Dauer, Household Finance Corporation, addressed the Fifteenth Annual Convention of the American Industrial Bankers Association held in Cincinnati, May 22-25, inclusive.

Industrial Bankers Elect Officers

Harry J. Klein, president of the Royal Industrial Bank of Louisville, Ky., was advanced from president to chairman of the board of directors of the American Industrial Bankers Association at the annual convention.

George F. Rock, president of the Denver (Colorado) Industrial Bank, was elected president for the coming year.

The advancement of these officers paved the way for the election of a Canadian as one of the three association vice presidents. **Alfred B. Rose**, of the General Discount Corp., Ltd., Toronto, with the prospect of eventually becoming president of the organization.

The other two vice presidents, who were re-elected, were **W. R. Brunson**, president of Industrial Finance & Thrift Corporation, New Orleans, and **Charles E. Finley**, president of Industrial State Bank, Kalamazoo, Michigan.

The things that come to those who wait are often surprisingly unlike anything they sat down to wait for.—*R. & R. Magazine, Ins. Research & Review Service.*

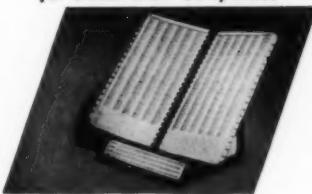
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CONSUMER FINANCE NEWS

Association's Film Well Received at Group Showings

(Continued from Page 9)

"On March 21 I showed the film, *Every Seventh Family*, before the Franklin Chapter of the Toastmasters Club of which I am a member. It happened that we were faced with the last minute necessity of a substitute program, and it occurred to me that it would be a good place to use our film even though the audience was relatively small.

"There were about 30 members and guests present. While this was a small audience it is a very representative group. For instance, one of our members is president of the Columbus Society of Professional Engineers. The membership in that club consists of over 300 influential citizens of Columbus. I think that I can arrange a showing of the film before this group. Similarly one of our members is vice president of the downtown Lions Club, and the showing could easily be shown to that group through him.

"As to the acceptance of the film, it was very gratifying. Nearly every one of the members commented to me afterwards that they gained a different idea of our industry which they never had before. Several of them were still thinking of the high-rate days, but the film converted them to a viewpoint that our business is necessities and that the rates which we charge are perfectly justified."

* * *

"As I told you at the meeting the other day, I think you have done an excellent job on the film, *Every Seventh Family*. It seems to me that interest is well maintained while the picture gets over to the viewer the fundamental concepts of small loan service and the function it performs. I was delighted with an opportunity to see it."

* * *

"I have delivered a print of *Every Seventh Family* to the Visual Education Library of the Hillsborough County Schools (Florida) and understand they have had three showings in the schools at which there were about three hundred. The director told me it was received by the students well and many complimentary remarks were made by them. He said starting next year at least ten thousand students should see the picture each year."

* * *

"Attached please find report from Mr. C. C. Coulter, Director of Vocational Training for the Saginaw Board of Education, in connection with the

showing of this picture to Arthur Hill and Saginaw High Schools here.

"At the Veterans Institute, three evening classes saw the film. There were 8 in the bookkeeping class, 25 in the class on salesmanship, and 24 in the machinists' class. At the Saginaw High School, the film was shown to the economics class of 38 pupils and the consumer education class of 30 pupils. At the Arthur Hill High School, it was shown to three different classes eight times, and in all, 370 pupils saw the film. The participating teachers made the following statements concerning the film: 'student interest high'—'realistic'—'right length, allowed time for discussion'—'well adapted to unit of study in Economics'—'a plug for small loan companies overcomes objections to high rates'—'I would use it again'."

* * *

"Following is a report of contacts made with the high schools here in Evansville pertaining to the consumer finance business:

"First of all, in thinking over the proper approach for making these contacts the idea came to me: 'Why not use some of our managers who are graduates of the schools?' It has been my experience that teachers and principals of various schools like to keep in touch with their pupils after graduation and they are all proud of the fact when they learn that a former pupil has made good in his chosen field. To make a long story short, it really worked! Here are the results:

"Contacts were made with six high schools by office personnel who were former pupils in those schools. In one school, the contact man showed the picture for four classes, and each time made a brief talk. And in a second school, the picture was also shown to four classes. The remaining four schools are planning to show the picture in the near future."

Who Needs Credit?

Lower Middle Incomes Need Most Loan Support

Families with an income ranging between \$2,000 and \$4,900 a year find it hardest to make ends meet, judging from a study conducted by the Land Title Bank and Trust Co. of Philadelphia, of its personal loans. Individuals in the lower middle income group accounted for 84% of its loans. The majority of borrowers had two or less dependents. Married people made 68.9% of the loans.

The twelve reasons given for the loans, 50% of which ranged between \$100 and \$299, were: miscellaneous expense accounted for 30.1%, medical 22.8%, store bills, 17.6%, to pay other loans 10%, taxes 8.9%, clothing expense 8.2%, business expense 5.5%, down payment on home 4.8%, education 2.1%, vacations 2.1%, refinancing balance to reduce payments 1.6%, and funerals .05%.

—The Industrial Banker.

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State Association Activities

Kentucky

The annual spring meeting of the Kentucky Association of Personal Finance Companies, held at the Kentucky Hotel in Louisville, was notable for its record attendance and the quality of its program.

Consumer finance people from all over the state were in attendance. An officers and directors dinner was held at 6:00 p.m. the evening of May 17th. Harry E. Clauter, president of the association presided and all directors were in attendance or were represented at the meeting.

The second session of the meeting started off with a bang at 12:00 noon, May 18th. The principal speaker at this luncheon meeting was none other than Max P. Shelton, president of the National Consumer Finance Association, who can always be depended upon to give a good account of himself. Mr. Shelton gave a short history of the consumer finance business along with some excellent advice as to the proper conduct of the business. Following Mr. Shelton's most timely and educational talk, President Clauter of the Kentucky Association, gave a full report to the membership on his activities since taking over the reins.

Dr. Ernst A. Dauer, director of consumer credit studies of Household Finance Corporation, then addressed the gathering on the "Long and Short View of Consumer Credit." It is probable, Dr. Dauer said, that business activity will continue to decline from the abnormally high 1948 level and if the decline comes gradually, as it gives every evidence of doing, that condition can be considered healthy. The afternoon session adjourned at 4:30 p.m.

The meeting was climaxed by the annual dinner and dance for members and guests with President Clauter presiding. Judge Gilbert Burnett, Director of Law, city of Louisville, gave the address of welcome and presented Dr. Dauer with a key to the city. Paul L. Selby, executive vice president of the National Association, addressed the gathering on "Consumer Credit—A Dynamic Force." Special features were the presentation of a key to My Old Kentucky Home and the State of Kentucky by J. Stephen Watkins, president of the Kentucky Chamber of Commerce to Max Shelton and Paul Selby. They are now adopted sons of Old Kentucky. *Every Seventh Family* was then shown to a very attentive audience; this was followed by entertainment and dancing, which lasted until the wee small hours.

[16]

It was a fine meeting and the association will be looking forward to their annual fall meeting in Louisville, November 8th and 9th.

Pennsylvania

The Pennsylvania Consumer Finance Association held its second quarterly meeting of 1949 at Shawnee Inn, Shawnee-on-Delaware, Pennsylvania, May 10 and 11. It was a delightfully new experience for many of those who attended. Not only was it the first meeting of the association some of them had enjoyed but for many more it was their first trip to Fred Waring's enchanting resort. The attendance was the largest ever registered at such a meeting.

The Executive Committee was called into session by I. L. Brisbin, chairman, at 4:00 P.M. Tuesday, May 10.

The committee reviewed association activities for the quarter, approved the report to be submitted to the Board of Directors, and agreed upon certain recommendations also to be offered to the Board.

The regular quarterly meeting of the Board of Directors was held in the Club Room of the Shawnee Country Club at the Inn, Tuesday evening, May 10.

President Hallowell called the meeting in session after the group had dined together. The regular order of business was followed. Reports of officers and committees were received.

Secretary Sexton reported progress in the preparation of the new association membership plaque and the new edition of the Constitution and By-Laws, to be printed and bound in loose-leaf form. This, he explained, will greatly facilitate the handling of future amendments that may be found necessary. The Association Code of Ethics, the secretary added, will be reprinted and included in the same binder with the Constitution.

H. L. Buck presented the general report for the Public Relations Committee and the executive vice president.

The Board of Directors, upon the recommendation of the Executive Committee, appointed Curtis A. Williams to attend the 1949 conventions of the National Conference of Social Work and of the National Consumer Finance Association, as the official delegate of the association. The former will be held in Cleveland, Ohio, during the week of June 12; the latter at Los Angeles, California, September 28, 29, 30.

The Board authorized the executive vice president to call upon two groups in Philadelphia and Pittsburgh, respec-

tively, for counsel in organizing the two areas for the Personal Contact Community Relations Plan.

The business meeting was scheduled for ten o'clock Wednesday morning. Mr. Williams spoke briefly about the progress made with the District Plan, in developing Consumer Education (or "Customer") Day in Pennsylvania, in booking and showing *Every Seventh Family*, and the course in consumer credit to be given at the University of Pennsylvania next year.

Under new business a resolution was offered to put the association membership on record in opposition to further extension by Congress of the authority of the Federal Reserve Board to continue the life of Regulation W beyond June 30, 1949, the date now set for it to expire. The resolution, patterned after the one adopted by the Board of the National Association, was approved by a unanimous vote.

At the conclusion of the membership business session, the two films, *Every Seventh Family* and *Who Gets the Credit?* were presented. Many had seen the former, but few, if any, had seen the latter.

President Hallowell called upon Alan K. Dolliver to relate the fascinating story of *Every Seventh Family* in the making. Mr. Dolliver was the official representative of the National Consumer Finance Association, sponsors of the picture, to see the job through all of its mechanical processes. When he had finished and the members realized the amount of money, time, labor and sweat that had gone into the production of the picture, they had a keener appreciation of it and a greater desire to help promote its showing.

Mr. Dolliver's discussion brought the formal part of the program of the quarterly meeting to a close.

Flattery is a ticklish food, but no food in the world satisfies the palate more.—LEISE WITZ, *Ladies' Home Journal*.

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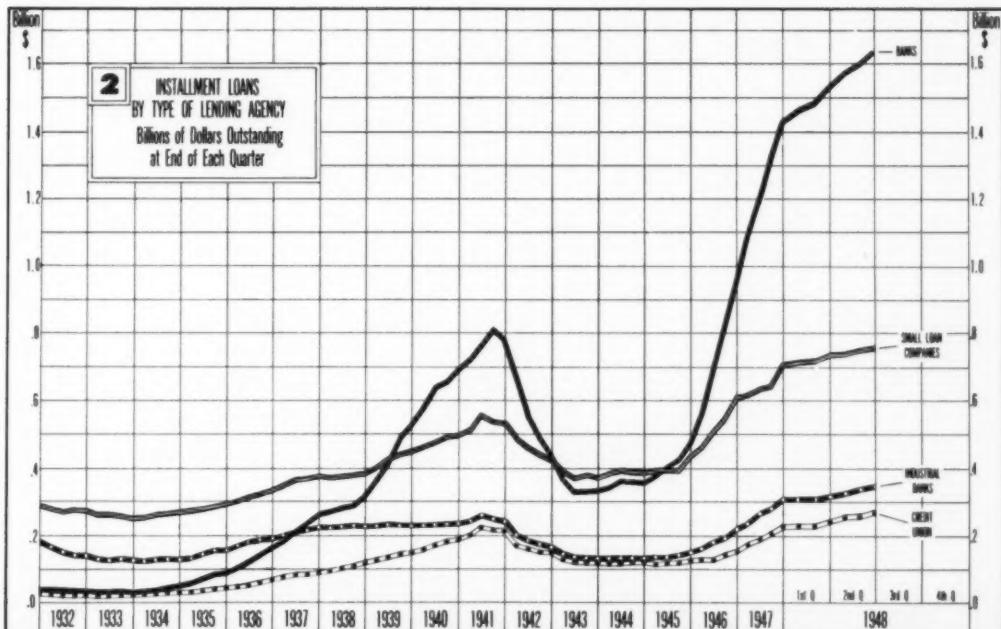
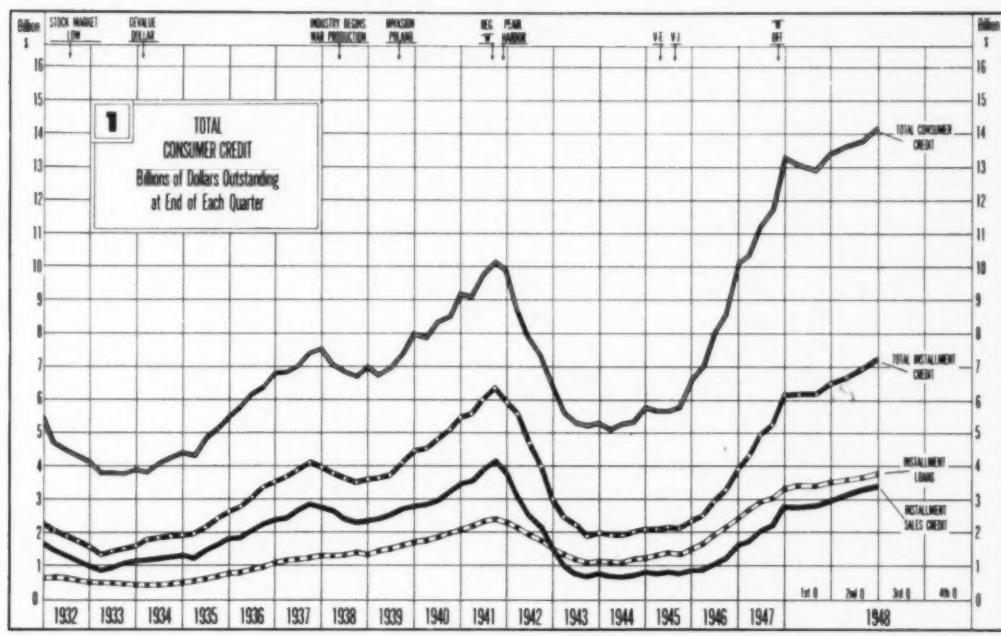
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